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TO: COUNCIL MEMBERS

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: January 5, 2021

RE: NP Conner Avenue Industrial, LLC Public Act 198 Certificate Request

Public Act 198 of 1974, as amended, is the primary tool that local units of government use as an incentive to renovate and expand manufacturing plants or to build new plants. The local legislative body grants the abatement, which reduces local property taxes by roughly 50% on new plants. In the case of a rehabilitation project, the obsolete State Equalized Value (SEV) is frozen and the investment on improvements is 100% exempt from property taxes. Abatements cover both real and personal property and can run from one to twelve years at the option of the local unit of government.

The project developer, NP Conner Avenue Industrial, LLC,¹ plans to acquire the former Cadillac Stamping 18-acre site, located at 9501 Conner Ave, which has been vacant since 2015. In addition, the developer is also acquiring the adjacent 25-acre private site, for a total project area of 43 acres and converting the acquired acreage into a 682,000 sq. ft., Class A² industrial warehouse/light manufacturing facility, with employee parking and a truck staging area. The developer is requesting assistance with the approval of an Industrial Facilities Exemption Certificate (IFEC). This “spec building”³ development is anticipated to ultimately create 450 jobs. In addition to the currently requested IFEC, on November 4, 2020, Council also approved an **\$18,425,523⁴ TIF⁵** reimbursement for the developer for the cost of environmental remediation for this project, as detailed in our October 28, 2020 report on the related brownfield plan.⁶

¹ Np Conner Avenue Industrial, LLC is a Michigan Foreign Limited-Liability Company filed on Nov. 16, 2020.

The principle company, NorthPoint, based in Riverside, Mo., founded in 2012, is a management and leasing firm focused on the industrial, multi-family, senior living and self-storage markets in the Central US.

² **Class A** buildings represent the highest quality buildings in their market.

³ **Spec buildings** are those built by a licensed contractor for the purpose of resale when there is not a contract.

⁴ This Plan includes total eligible activities of \$18,425,523, however, it is currently projection that only \$17,573,740 will be reimbursed. The Developer intends to submit reimbursement requests for the maximum amount of eligible.

⁵ Tax Increment Financing (TIF) subsidizes by diverting a developer’s taxes to help finance a development.

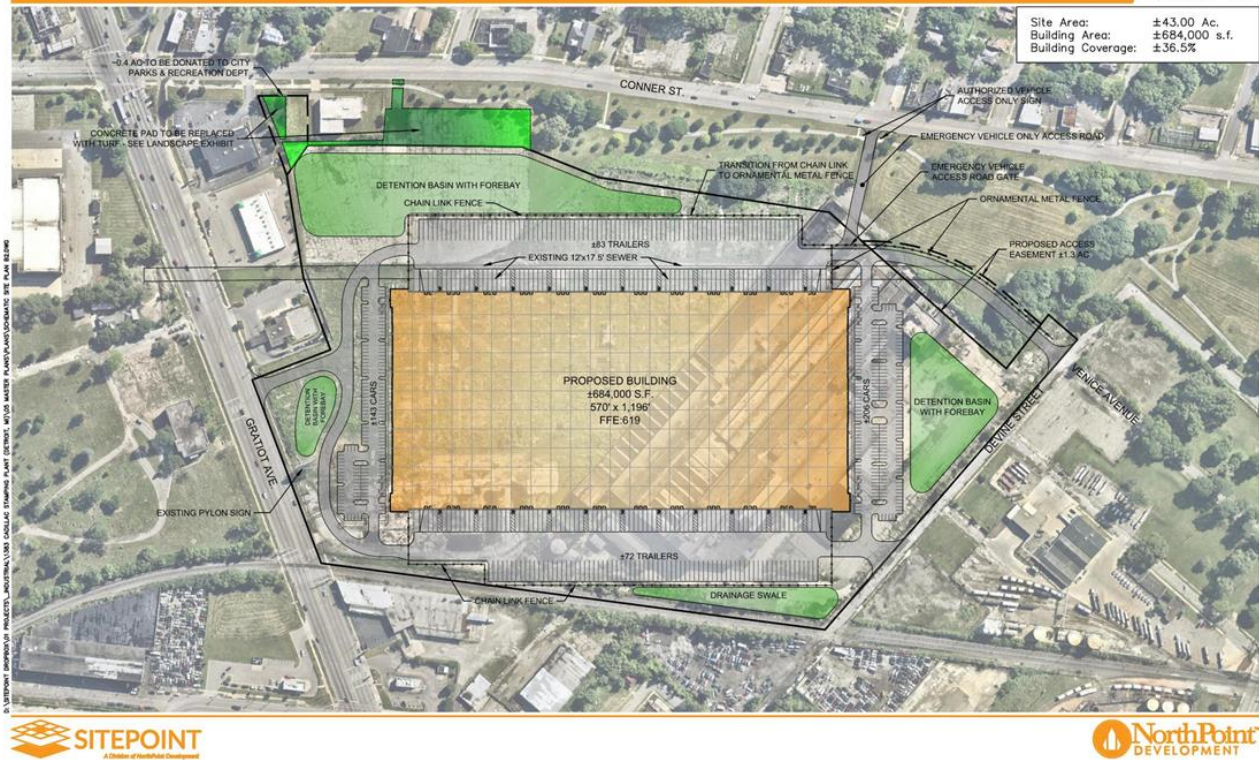
⁶ Former Cadillac Stamping Plant Brownfield Redevelopment Plan

DEGC Project Fact Sheet

Cadillac Stamping
Address: 9501 Conner Ave, Detroit MI
Developer: NorthPoint Development

Principal: Chad Meyer – Local Representative: Tim Condor

| | | |
|--|---|--|
| Industrial Facilities Exemption, PA 198 of 1974 as amended – Industrial Development District – millage rate is reduced by 50% for up to 12 years Brownfield Redevelopment Financing Act, Act 381 of 1996, as amended | | |
| DEGC Recommendation | | PA 198 Certificate – 12 Years Approval of Brownfield TIF |
| Deal Snapshot | | |
| Construction Costs | \$48.0MM | |
| Property Size | 43 acres; 1.8 million SqFt | |
| Proposed Development | 682,000 SqFt | |
| Current Property Ownership | City of Detroit | |
| Construction Timeline | Demolition Begins: January 2021 Construction Completion: December 2021 | |
| Estimated Jobs & Average Salary | 450 Jobs; \$31,200 annual salary (equivalent to \$15/hr) | |
| Estimated Net Benefit to City | \$10.1M | |
| Project Description | | |
| Northpoint is acquiring the former Cadillac Stamping 18-acre site that has been vacant since 2015. Northpoint is also acquiring the adjacent 25-acre private site for a total project area of 43 acres. The site plan consists of a 682k sf class A industrial warehouse/light manufacturing facility. This is a spec building. Spec buildings are important to the industrial landscape that will keep Detroit competitive with the neighboring communities. The development is anticipated to accommodate 450 FTE's. | | |
| Community Engagement | | Meeting Summary |
| ▪ Meeting #1 – September 1, 2020 | | Project, Development Team Introduction Site Overview. Community requested reassessment of site plan to eliminate Conner St as an access point truck and employees. Also, requested Traffic + Environmental Impact Study. |
| ▪ Meeting #2 – October 22, 2020 | | Developer shared reoriented site plan that reserved Conner St for emergency vehicles only. All daily access would utilize Venice St. |
| ▪ Meeting #3 – December 15, 2020 | | Developer shared traffic impact and air quality study with the community and provided both the executive summaries and full reports. The reports did not identify significant concerns. |
| ▪ Meeting #4 – January 6, 2021 | | Additional touchpoint with the community. |
| Development Commitments | | ActivityValue |
| Conner Greenway Improvements | ▪ Donate 0.4 acres of land to Parks and Recreation to allow for continuation of Conner Greenway | \$100,000 |
| | ▪ Replace concrete at city-owned portions on the Conner Greenway with landscape and greenspace | \$50,000 |
| | ▪ Install vegetative buffers | |
| Safety, Access + Improved Traffic Flow | ▪ Eliminate current traffic access points from the Conner Greenway + Site designed to use Venice for entry/exit of site <i>Conner to be maintained for Emergency Vehicles only</i> | \$1.2MM |
| | ▪ Add Bike Rack and Pedestrian Gate to Corbett Entrance to optimize occupant use of Conner Greenway | |
| | ▪ Improve road conditions along Venice and Devine St | \$5,000 |
| | ▪ Downzoning site from M4 to M2 to prevent heavy industrial from possible future redevelopments | |
| | TOTAL | |
| Employment | ▪ Executed Priority Hiring Agreement for Detroiters for FTE ▪ Temporary Construction Jobs | 450 FTES 100 Temp |



City of Detroit: Benefits, Costs, and Net Benefits over the Next 12 Years

| | Amount |
|--|----------------------|
| Real Property Taxes, before abatement | \$3,640,765 |
| Personal Property Taxes, before abatement | \$0 |
| New Residential Property Taxes | \$0 |
| Municipal Income Taxes - Direct Workers | \$2,744,685 |
| Municipal Income Taxes - Indirect Workers | \$930,364 |
| Municipal Income Taxes - Corporate Income | \$1,256,724 |
| Municipal Income Taxes - Construction Period | \$301,418 |
| Utility Revenue | \$773,645 |
| Utility Users' Excise Taxes | \$539,103 |
| State Revenue Sharing - Sales Tax | \$2,064,756 |
| Building Permits and Fees | \$832,000 |
| Miscellaneous Taxes & User Fees | \$2,899,896 |
| Subtotal Benefits | \$15,983,357 |
| Cost of Providing Municipal Services | (\$3,502,056) |
| Cost of Providing Utility Services | (\$773,645) |
| Subtotal Costs | (\$4,275,701) |
| Net Benefits | \$11,707,656 |

Impacted Taxing Units: Incentive Summary over the First 12 Years

| | Additional Benefits Before Tax Abatements | Additional Costs | Real Property Tax Abatement | Business Personal Property Tax Abatement | Utility Users Tax & Corporation Income Tax Exemption | Net Benefits After Tax Abatements & Incentives |
|----------------------------|--|---------------------|-----------------------------------|---|---|---|
| City of Detroit | \$15,983,357 | (\$4,275,701) | (\$1,692,396) | \$0 | \$0 | \$10,015,260 |
| Wayne County | \$1,519,083 | (\$681,126) | (\$404,857) | \$0 | \$0 | \$433,100 |
| Detroit Public Schools | \$6,084,429 | (\$2,575,434) | (\$1,562,241) | \$0 | \$0 | \$1,946,754 |
| State Education | \$650,472 | \$0 | \$0 | \$0 | \$0 | \$650,472 |
| Wayne RESA | \$442,203 | \$0 | (\$205,556) | \$0 | \$0 | \$236,646 |
| Wayne County Comm. College | \$351,341 | \$0 | (\$163,320) | \$0 | \$0 | \$188,022 |
| Wayne County Zoo | \$10,841 | \$0 | (\$5,039) | \$0 | \$0 | \$5,802 |
| Detroit Institute of Arts | \$21,682 | \$0 | (\$10,079) | \$0 | \$0 | \$11,603 |
| Total | \$25,063,409 | (\$7,532,261) | (\$4,043,489) | \$0 | \$0 | \$13,487,659 |

Charts courtesy of the DEGC

Conclusion

The estimated total investment for this project is approximately \$48 million. The developer has committed to create 450 FTE's⁷ and 100 temporary construction jobs. The total value of the twelve-year PA 198 tax abatement is estimated at **\$4,043,489**.⁸

Based on the investment and jobs, the new industrial operation is projected to provide the City of Detroit a net benefit of **\$10,015,260** and all of the impacted taxing units, a net benefit of **\$13,487,659** over the 12 years of the PA 198 abatement, which is inclusive of a net benefit of **\$1,946,754** to the Detroit Public Schools (DPS old).

The City's IFEC tax abatement contract with NP Conner Avenue Industrial, LLC, based on the provisions in PA 198, allow for revocation and or clawbacks, if the written promises made by NP Conner Avenue Industrial, LLC, the recipient of said tax abatement are not met.⁹ The current proposed project, subject to Council approval, is bound by the provisions of PA 198.

Please contact us if we can be of any further assistance.

Attachments: **Assessor's Letter dated January 5, 2021**
Executive Summary - Air Quality Study
Executive Summary – Traffic Impact Study

cc: Auditor General's Office
Arthur Jemison, Chief of Services and Infrastructure
Katy Trudeau, Planning and Development Department
Donald Rencher, HRD
Veronica M. Farley, HRD
Stephanie Grimes Washington, Mayor's Office
Avery Peebles, Mayor's Office
Malinda Jensen, DEGC
Kenyetta Bridges, DEGC
Jennifer Kanalos, DEGC
Brian Vosburg, DEGC

⁷ NP Conner Avenue Industrial, LLC IFEC application has a jobs commitment to create 300 jobs within two years. NP Conner Avenue Industrial, LLC's enforceable IFEC contract with the City reflects 300 jobs.

⁸ Existing Annual Taxes: \$0 - New Annual Taxes AFTER Incentive: \$401,578

⁹MCL 207.572 (1)



Rendering of the new facility¹⁰

¹⁰ Rendering courtesy of the DEGC



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER
OFFICE OF THE ASSESSOR

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVE., SUITE 824
DETROIT, MI 48226
PHONE: 313•224•3011
FAX: 313•224•9400

January 5, 2021

Katharine G. Trudeau, Deputy Director
Planning & Development Department
Coleman A. Young Municipal Center
2 Woodward Ave, Suite 808
Detroit, MI 48226

Re: Industrial Facilities Exemption Certificate Request
NP Conner Avenue Industrial LLC
Parcel Number: See Attached List

Dear Ms. Trudeau:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the request from **NP Conner Avenue Industrial LLC** for an Industrial Facilities Exemption certificate for the property bound by Harper, Gratiot, Conner, and Devine in the City of Detroit.

The rationale for creating Industrial Facilities Exemptions under PA 198 of 1974, as amended, is based upon the anticipation that granting the exemption is a benefit to the city and that expansion, retention, or location of an eligible business will not occur without this exemption. PA 198 of 1974, as amended, also provides a tax incentive to manufacturers in order to enable renovation and expansion of aging facilities, building of new facilities, and to promote establishment of high tech facilities.

NP Conner Avenue Industrial LLC is proposing to demolish a former auto stamping plant and construct a 682,000 sq. ft. industrial warehouse with employee parking and truck staging areas. The estimated total cost of the project is \$47,800,000 for the real property and is expected to create 450 new jobs. The request is for twelve (12) years from project completion.

A field investigation indicated that the proposed project located in the area as described above is eligible as outlined under PA 198 of 1974, as amended.

Sincerely,

Charles Ericson, MMAO
Assessor, Board of Assessors



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER
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Industrial Facilities Exemption Certificate
NP Conner Avenue Industrial LLC
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Industrial Facilities Exemption Certificate
NP Conner Avenue Industrial LLC
Page 3

Property Address: 9501 CONNER

Parcel Number: 19002594.001

Legal Description: N DEVINE ALL THAT PT OF FRL SEC 23 T 1 S R 12 E INCL PT OF BESSENGER & MOORES GRATIOT AVE SUB NO 2 & PTS OF P C S 10 & 12 DESC AS FOLS BEG AT A PTE IN E LINE OF D T R R R/W BG ALSO IN N LINE OF DEVINE AVE TH N 34D 18M 12S W 868.47 FT ALG SD E LINE TH N 89D 32M 20S E 1312.87 FT TH S OD 30M 54S E 603.78 FT TH S 2D 28M 16S W 16.02 FT TH N 89D 26M E 180.23 FT TH S OD 348 E 100 FT TH S 89D 26M W 1009.37 FT TO P O B 19/--- 790,094 SQ FT

Property Address: 10600 GRATIOT

Parcel Number: 19001584.

Legal Description: S GRATIOT ALL THAT PT OF P C 389 & FRL SEC 23 T 1 S R 12 E DESC AS FOLS BEG AT INT SEC OF S LY LINE OF GRATIOT 124 FT WD & E LY LINE D T R R TH N 25D 43M E 211.04 FT ALG SD S LY LINE TH S 44D 41M 20S E 274 FT TH S 75D 43M 20S E 100 FT TH S 44D 41M 20S E 466.96 FT TH S 87D 52M W 434.95 FT TH N 36D 03M W 466.56 FT ALG E LY R/W LINE TO P O B 19/--- 173,199 SQ FT

Property Address: 10640 GRATIOT

Parcel Number: 19001583.002L

Legal Description: S GRATIOT PT OF FRL SEC 23 T 1 S R 12 E & PT OF P CS 389 & 11 ALL DESC AS BEG AT A PTE ON SLY LINE GRATIOT AVE 124 FT WD DIST N 25D 43M E 211.04 FT FROM INTSEC ELY LINE D T R R 66 FT WD TH CONT ALG SD SLY LINE N 25D 43M E 303.28 FT TH S 64D 17M E 220 FT TH N 25D 43M E 201.59 FT TH S 44D 40M E 418.67 FT TO LINE COMMON TO FRL SEC 23 & P C 11 TH ALG SD LINE THE FOLLOWING 3 COURSES (1) S 66D 26M E 132.68 FT & (2) S 79D 51M E 240.28 FT & (3) N 80D 23M E 71.82 FT TH S 35D 31M E 609.96 FT TH S 87D 52M W 878.02 FT (877.76 REC) TH N 44D 41M 20S W 466.23 FT (466.96 REC) TH N 75D 43M 20S W 100 FT TH N 44D 41M 20S W 274 FT TO P O B 686,031 SQ FT

Property Address: 10644 GRATIOT

Parcel Number: 19001582.005

Legal Description: S GRATIOT AVE PT OF FRL SECS 23 T 1 S R 12 E & PCS 389 & 11 & 10 ALL DESC AS COMM AT INT OF S LN PC 389 AND W ROW LN CONNER AVE (VAR WIDTH) N 63D 54M 40S E 395.62 FT TH N 44D 32M 13S W 164.34 FT TH S 45D 10M 54S W 136.85 FT TO POB TH S 43D 55M 31S E 574.87 FT TH S 22D 54M 45S E 200.99 FT TH S 79D 30M 30S W 71.82 FT TH N 80D 43M 30S W 240.28 FT TH N 67D 18M 30S W 132.68 FT TH N 45D 23M 43S W 227.43 FT TH N 46D 03M 06S E 243.44 TH N 44D 46M 38S W 179.85 FT TH N 45D 10M 54S E 93.68 FT TO POB 19/--- 3.797 AC

Property Address: 10001 CONNER

Parcel Number: 19001582.006

Legal Description: W CONNOR PT OF P CS 11 & 389 AND FRAC SEC 23 T1S R12E DESC AS FOLS COMM AT INT OF SWLY LN CONNER AVE (86 FT WD) AND SELY LN GRATIOT AVE (124 FT WD) TH S 43D 29M 45S E 292.91 FT TO POB; TH S 25D 39M 15S W 222.22 FT TH S 36D 56M W 272.77 FT TH S 44D 33M 58S E 184.07 FT TH N 47D 5M 34S E 243.44 FT TH N 43D 44M 10S W 179.85 FT TH N 46D 13M 22S E 230.53 TH N 43D 29M 45S W 130.0 FT TO POB 130.0 FT IRREG 70,490 SQFT (1.618 AC)



Environmental Resources Group

28003 Center Oaks Court • Suite 106 • Wixom, MI • 48393
Phone: 248-773-7986 • Fax: 248-924-3108

EXECUTIVE SUMMARY

Project: Air Quality Evaluation

Site: Former Cadillac Stamping Plant, Connor Street at Gratiot Avenue, Detroit, Michigan

Prepared For: Tim Conder, NorthPoint Development

Date: December 8, 2020

Environmental Resources Group, LLC (ERG) presents the following summary of the evaluation of the potential air emissions from the trucks and passenger cars due to the proposed new warehouse operations on Connor Street at Gratiot Avenue, in Detroit, Michigan. The full evaluation has been provided under separate cover.

METHODOLOGY

The warehouse operations forecast the following traffic pattern. This pattern was used to evaluate the emissions using the additional assumptions listed below.

Table 1: Traffic Pattern

| Type | AM Peak Hour | | | PM Peak Hour | | | Weekday |
|----------------|--------------|-----|-------|--------------|-----|-------|---------|
| | In | Out | Total | In | Out | Total | |
| Trucks | 7 | 7 | 14 | 3 | 4 | 7 | 150 |
| Passenger cars | 35 | 6 | 41 | 16 | 45 | 61 | 808 |

Per Michigan's air quality Rules (R336.1278 – R 336.1291), if the actual emissions of any criteria air pollutant from a proposed activity exceed one or more of the following limits, the facility is identified as a major source and precludes from getting an exception from permitting.

- Carbon monoxide (CO): 100 tons per year (TPY)
- Nitrogen oxides (NO_x): 40 TPY
- Particulate matter (PM-2.5): 10 TPY

ERG evaluated the emissions from the following two scenarios:

Scenario 1 (worst case scenario): The total annual truck emissions were assumed to be emitted to the neighborhood by the trucks. The total mileage of a passenger car per a weekday was assumed as 10 miles. The annual emission of CO, NO_x, and PM-2.5 were calculated as 11.424 TPY, 3.353 TPY, 0.083 TPY. These emissions are well below the limits of the criteria pollutants listed above.

Scenario 2 (forecasted actual): The total mileage of a passenger car or a truck per a weekday was assumed as 10 miles. The annual emission of CO, NO_x, and PM-2.5 were calculated as 10.471 TPY, 1.19 TPY, 0.04 TPY. These emissions are well below the limits of the criteria pollutants listed above.

RESULTS

The worst case and forecasted actual emissions from the trucks and cars due to the warehouse operations are well below the limits set by Michigan's air quality Rules (R336.1278 – R 336.1291) to protect the air quality.

CONCLUSIONS

According the results of the emission calculations, the cars and trucks that come in and out of the warehouse will not negatively impact the air quality in the surrounding area.

We appreciate any feedback you might have. If you have any questions, or need further information, do not hesitate to contact ERG at 248-773-7986.

Traffic Impact Study Executive Summary:

EXECUTIVE SUMMARY

ROWE completed a Traffic Impact Study (TIS) related to a proposed warehouse development on the site of the vacant former Cadillac Stamping Plant. The site plan specified 684,000 square feet (SF) of proposed warehousing and distribution, with an anticipated full build-out date in 2021. The proposed development will have direct access to Gratiot Avenue (via one driveway) and Devine Street (via two driveways).

Turning movement counts (TMCs) were collected during the weekday AM and PM peak periods on October 13, 2020 at the study intersections. Given the ongoing COVID-19 global pandemic situation, the ability to collect stable traffic volume data representative of typical traffic conditions on Michigan roadways was limited by various commercial and institutional closures/restrictions and other public movement limitations. Therefore, the TMC data collected for this study were adjusted via a comparative analysis of pre-pandemic traffic volumes in the area to reflect normalized traffic conditions.

Using the methodologies specified in the *ITE Trip Generation Manual (10th Edition)*, ROWE forecast the weekday AM and PM peak hour trips associated with the proposed development. The existing traffic volumes were used to develop a trip distribution model for the AM and PM peak hours which was applied to the new vehicular traffic volumes that will be generated by the proposed development. Overall, the proposed development is expected to generate 41 passenger vehicle trips and 14 truck trips during the AM peak hour, and 61 passenger vehicle trips and 7 truck trips during the PM peak hour.

An operational analysis was performed for *Existing Conditions*, *Background Conditions*, *2021 Future Conditions*, and *2026 Future Conditions* at the study intersections. The operational analysis indicated that some approaches would operate at LOS E or F during both the AM and PM peak hours under all analyzed scenarios. The following feasible improvements should be implemented in the *current day*:

Gratiot Ave. (M-3) and Conner Ave. / Promenade Ave.

- Maximum phase lengths can be programmed as follows: 51s for NB/SB Gratiot Ave. (M-3); 19s for NB/SB left turns; and, 40s for EB/WB Conner St.
- The extended pedestrian clearance setting for the WB pedestrian phase should be changed to Code 0 to ensure compliance with the MMUTCD.

Gratiot Ave. (M-3) and French Rd.

- The extended pedestrian clearance setting for the NB and SB pedestrian phases should be changed to Code 0 to ensure compliance with the MMUTCD.

French Rd. and Harper Ave.

- The pedestrian clearance timing for both the NB/SB and EB/WB pedestrian phases should be changed so that the Flash Don't Walk ends at the end of Green to ensure compliance with the MMUTCD. In addition, the City should update the clearance intervals.

The following feasible improvements should be implemented under *2026 Future Conditions*:

Gratiot Ave. (M-3) and Conner Ave. / Promenade Ave.

- MDOT can consider constructing an exclusive right-turn lane at the EB Conner St. approach. The cycle length should be increased to 120s, and maximum phase lengths can be programmed as follows: 57s for NB/SB Gratiot Ave. (M-3); 20s for NB/SB left turn phases; and, 43s for EB/WB Conner St.

Gratiot Ave. (M-3) and French Rd.

- The cycle length should be increased to 120s, and maximum phase lengths can be programmed as follows: 70s for NB/SB Gratiot Ave. (M-3); and, 50s for EB/WB French Rd.

Overall, the proposed project does not have a significant impact at the study intersections or on the surrounding road network due to the low volume of vehicle trips generated by the proposed development.